

Message Text

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ACTION PM-04

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TO SECSTATE WASHDC 1689

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SUBJECT: FY 1976 AND FY 1977 MILITARY SECURITY ASSISTANCE
PROGRAMS, HONDURAS

REF: STATE 258167

THE FOLLOWING RESPONDS TO SPECIFIC QUESTIONS IN PARA 5
REFTEL.

1. HOST COUNTRY WILL ACCEPT AND CONSUMMATE CREDIT AGREEMENT
AT INDICATED LEVEL IF CONGRESS APPROVES REQUEST.

2. HOST COUNTRY HAS PROVIDED INFORMATION THAT IT PRESENTLY
PLANS TO USE FMSCR FOR PURCHASE OF FOLLOWING:

- A. VEHICLES FOR ARMY TRANSPORTATION UNITS.
- B. BOATS FOR THE COAST GUARD.
- C. ANTI-AIRCRAFT WEAPONS.

3. PROVISION OF CREDIT WOULD GENERALLY SUPPORT THE
MILITARY REQUIREMENTS FOR INTERNAL DEFENSE DERIVED FROM
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US APPROVED FORCE GOALS. ALTHOUGH THE MATERIEL DOES NOT

CORRESPOND EXACTLY TO MATERIEL LISTED IN THE CURRENT POM, ITEMS APPEAR APPROPRIATE FOR SHORT-TERM REQUIREMENTS OF HONDURAN ARMED FORCES.

4. GENERAL STRENGTHENING AND MODERNIZATION OF THE ARMED FORCES SHOULD PROMOTE GREATER INTERNAL STABILITY.

5. CREDIT PROGRAM IS GENERALLY SUPPORTIVE OF GRANT MATERIEL AND GRANT TRAINING PROGRAMS IN THE STRENGTHENING AND MODERNIZATION OF THE ARMED FORCES OF HONDURAS.

6. THERE ARE TWO RELEVANT POLICY CONSIDERATIONS FOR PROVISION OF CREDIT:

A. "EVENHANDEDNESS" TREATMENT OF HONDURAS AND EL SALVADOR.

B. MAINTENANCE OF A POSITION OF PREDOMINANT U.S. MILITARY INFLUENCE WITH THE HOST COUNTRY MILITARY. REGIONAL STABILITY AND INDEPENDENT SELF-SUFFICIENCY IN MAINTAINING INTERNAL ORDER ARE U.S. OBJECTIVES VIS-A-VIS HONDURAS.

7. HONDURAS, BEHIND EL SALVADOR IN QUANTITY AND MODERNIZATION OF MILITARY EQUIPMENT, IS DESPERATELY TRYING TO GAIN A MORE BALANCED POSITION. THE EXTENT OF SUCCESS ACHIEVED THROUGH U.S. HELP MAY AFFECT THE REGIONAL ARMS BALANCE. RELATIVE TO THE TERM "ARMS RACE," ACQUISITIONS BY BOTH SIDES HAVE BEEN PROMPTLY OFFSET BY FURTHER PURCHASES. EXAMPLE - EL SALVADOR, 18 OURAGANS; HONDURAS, 10 F-86S AND 6 A-37S. U.S. POLICY OF "EVENHANDEDNESS" WITH RESPECT TO THESE TWO COUNTRIES THEREFORE IS OF GREAT IMPORTANCE.

8. THERE IS A DEMONSTRABLE NEED FOR MILITARY CREDIT ASSISTANCE. THE CENTRAL BANK OF HONDURAS CONSIDERS IT HAS REACHED ITS LIMIT IN BORROWING FROM INTERNATIONAL FINANCIAL INSTITUTIONS.

9. THE REPAYMENT OBLIGATION, BECAUSE OF THE SMALL SIZE OF THE LOAN, IS UNLIKELY TO PLACE AN UNDESIRABLE BURDEN ON THE COUNTRY'S FOREIGN EXCHANGE RESOURCES, OR PRODUCE EXCESSIVE CLAIMS ON FUTURE BUDGETS OR OTHERWISE INTERFERE WITH ITS DEVELOPMENT. IT IS THE OPINION OF THE PRESIDENT
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OF THE CENTRAL BANK THAT HONDURAS HAS UTILIZED ITS FOREIGN BORROWING POSITION TO NEAR THE LIMIT DICTATED BY SOUND MONETARY AND FISCAL POLICY. THE BULK OF THIS BORROWING HAS OCCURRED DURING THE PAST YEAR IN CONNECTION WITH HURRICANE FIFI RECONSTRUCTION, AND SUPPORT OF THE NATIONAL DEVELOPMENT PLAN. MOST BORROWING HAS BEEN CONTRACTED THROUGH THE INTERNATIONAL FINANCIAL INSTITUTIONS AND OFTEN IS LONG-TERM REPAYMENT. AS A MATTER OF TRADITIONAL POLICY

HONDURAS HAS NOT UTILIZED SHORT-TERM BORROWING TO PAY FOR CURRENT CONSUMPTION AND, THEREFORE, HAS MAINTAINED A STRONG FOREIGN EXCHANGE POSITION.

10. TEN (10) F-86 AIRCRAFT ARE BEING PURCHASED FROM YUGOSLAVIA AND ARE DUE TO ARRIVE IN HONDURAS IN EARLY 1976. GOH IS ALSO CONSIDERING PURCHASE OF EIGHT (8) T-38D AIRCRAFT FROM MOROCCO AND FOUR (4) ARAVA TWIN ENGINE TURBOPROP STOL TRANSPORTS FROM ISRAEL. ADDITIONAL ANTICIPATED PURCHASES FROM THE U.S. INCLUDE CONVENTIONAL ANTI-TANK ARMAMENT FOR INFANTRY COMBAT UNITS AND VARIOUS TYPES OF AMMUNITION. SOWASH

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